

1 UNITED STATES BANKRUPTCY COURT
2 NORTHERN DISTRICT OF CALIFORNIA
3 SAN FRANCISCO DIVISION

4 In re:

5 PG&E CORPORATION,

6 - and -

7 PACIFIC GAS AND ELECTRIC
8 COMPANY,

Debtors.

9
10 ☐ Affects PG&E Corporation

11 ☐ Affects Pacific Gas and Electric Company

12 ☒ Affects both Debtors

13 * All papers shall be filed in the Lead Case,
14 No. 19-30088 (DM).

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11
(Lead Case)
(Jointly Administered)

**SUMMARY SHEET TO FIRST
INTERIM FEE APPLICATION OF
DEVELOPMENT SPECIALISTS, INC
FOR ALLOWANCE AND PAYMENT
OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES
(MARCH 20, 2019 THROUGH JULY
31, 2019)**

Date: TBD

Time: TBD

Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

Judge: Hon. Dennis Montali

[No hearing requested]

OBJECTION DATE:

December 4, 2019

15 **GENERAL INFORMATION**

16 To:

The Notice Parties

17 Name of Applicant:

Development Specialists, Inc

18 Authorized to Provide Professional Services to:

Financial Advisor to the Official Committee
of Tort Claimants

19 Date of Retention:

May 10, 2019 nunc pro tunc to March 20,
2019

20 Period for which compensation and
21 reimbursement are sought:

March 20, 2019 to July 31, 2019

22 Prior Interim Applications:

None

23 This is a(n) X Interim ___ Final Application

SUMMARY OF FEES AND EXPENSES SOUGHT IN THIS APPLICATION

Amount of Compensation Sought as Actual, Reasonable and Necessary: \$1,090,499.00

Amount of Expense Reimbursement Sought as Actual, Reasonable and Necessary: \$33,407.89

Total Compensation and Expenses Requested for the Compensation Period: \$1,123,906.89

SUMMARY OF PRIOR MONTHLY FEE STATEMENTS

Date Filed	Period Covered	Requested Fees	Requested Expenses	Paid Fees	Paid Expenses	Holdback Fees Requested
08/09/19 (Doc 3486)	03/20/19 - 05/31/19	\$ 380,479.00	\$ 12,662.69	\$ 304,383.20	\$ 12,662.69	\$ 76,095.80
09/20/19 (Doc 3955)	06/01/19 - 06/30/19	303,452.25	13,155.97	242,761.80	13,155.97	60,690.45
10/15/19 (Doc 4209)	07/01/19 - 07/31/19	406,567.75	7,589.23	-	-	81,313.55
		\$ 1,090,499.00	\$ 33,407.89	\$ 547,145.00	\$ 25,818.66	\$ 218,099.80

Summary of Any Objections to Monthly Fee Statements: None

Compensation and Expenses Sought in this Interim Application Not Yet Paid: \$550,943.23

COMPENSATION BY PROFESSIONAL
MARCH 20, 2019 THROUGH JULY 31, 2019 *

Name of Professional	Position	Hourly Rate	Total Hours Billed	Total Compensation
Bradley Sharp	President & CEO	\$ 685.00	314.40	\$ 205,945.25
R. Brian Calvert	Sr. Managing Director	640.00	436.00	264,896.00
Thomas Jeremiassen	Sr. Managing Director	575.00	252.80	134,435.00
Eric Held	Managing Director	495.00	12.00	5,940.00
Nicholas Troszak	Managing Director	485.00	355.50	155,418.25
James Armstrong	Director	375.00	94.70	35,512.50
Shelly Cuff	Director	360.00	401.40	140,076.00
Spencer Ferrero	Director	350.00	249.00	83,947.50
Andrew Wagner	Director	350.00	77.80	27,230.00
Thomas Frey	Sr. Associate	325.00	24.50	7,962.50
Cathy Vance	Associate	375.00	74.20	27,825.00
Rowen Dizon	Associate	230.00	5.70	1,311.00
			2,298.00	\$ 1,090,499.00

Blended Rate: \$474.53 per hour

COMPENSATION BY PROJECT CATEGORY
MARCH 20, 2019 THROUGH JULY 31, 2019 *

Project Category	Category Code	Total Hours Billed	Total Fees
Case Administration	11	2.10	\$ 1,305.00
Fee Application/Client Billing	12	31.30	12,727.00
Retention/Engagement Matters	13	69.50	32,013.50
Attend Court Hearings/Review Pleadings	14	2.20	1,453.00
Claims Analysis/Objection	31	1,945.60	968,077.00
Creditors and Creditors Committee Contact	52	24.60	15,806.00
Travel (at 1/2 Billing Rate)	80	222.70	59,117.50
		2,298.00	\$ 1,090,499.00

* Detailed descriptions and entries are located with the filed monthly fee statements (Docs 3486, 3955 and 4209)

EXPENSE SUMMARY
MARCH 20, 2019 THROUGH JULY 31, 2019[†]

Expense Type	Amount
Airfare	\$ 19,543.19
Hotel	3,056.91
Meals	1,898.04
Transportation	3,595.51
Miscellaneous	5,314.24
	<u>\$ 33,407.89</u>

[†] Detailed descriptions and entries are located with the filed monthly fee statements (Docs 3486, 3955 and 4209)

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**FIRST INTERIM FEE APPLICATION
OF DEVELOPMENT SPECIALISTS,
INC. FOR ALLOWANCE AND
PAYMENT OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES
(MARCH 20, 2019 THROUGH JULY
31, 2019)**

Date: TBD

Time: TBD

Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

Judge: Hon. Dennis Montali

[No hearing requested]

OBJECTION DATE:

December 4, 2019

19 Development Specialists, Inc. (“**DSI**” or the “**Applicant**”), a financial advisor for the
20 Official Committee of Tort Claimants (the “**Tort Committee**”), representing the largest group of
21 stakeholders in the jointly administered bankruptcy cases (the “**Chapter 11 Cases**”) of PG&E
22 Corporation and Pacific Gas and Electric Company (the “**Debtors**”), hereby submits its First
23 Interim Fee Application (the “**Interim Fee Application**”) for allowance and payment of
24 compensation for professional services rendered, and for allowance and reimbursement of actual
25 and necessary expenses incurred for the period commencing March 20, 2019 through and
26 including July 31, 2019 (the “**Compensation Period**”) pursuant to the Order Pursuant to 11
27 U.S.C §§ 331 and 105(a) and Fed. R. Bankr. P. 2016 for Authority to Establish Procedures for
28 Interim Compensation and Reimbursement of Expenses of Professionals dated February 27, 2019

1 Dkt. No. 701 (the “**Interim Compensation Procedures Order**”), sections 330 and 331 of title 11
2 of the United States Code (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of
3 Bankruptcy Procedure (the “**Bankruptcy Rules**”), the *Guidelines for Compensation and Expense*
4 *Reimbursement of Professionals and Trustees* (the “**Northern District Guidelines**”), the *United*
5 *States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of*
6 *Expenses filed under 11 U.S.C. § 330* (the “**UST Guidelines**”) and the Local Bankruptcy Rules
7 for the Northern District of California. The Applicant seeks interim approval of \$1,123,906.89 in
8 total compensation and reimbursement of expenses, consisting of \$1,090,499.00 in compensation
9 and \$33,407.89 in expenses.

10 The Interim Application is based upon the points and authorities cited herein, the
11 Declaration of Bradley Sharp filed concurrently herewith, the exhibits attached hereto and
12 thereto, the pleadings, papers, and records on file in this case, and any evidence or argument that
13 the Court may entertain at the time of the hearing on the Interim Application.

14 **CASE BACKGROUND AND STATUS**

15 **A. The Debtors Bankruptcy Proceedings**

16 On January 29, 2019, the Debtors commenced these Chapter 11 Cases by filing voluntary
17 petitions for relief under chapter 11 of title 11 of the United States Code.

18 On February 15, 2019, the Office of the United States Trustee (“U.S. Trustee”) filed
19 an Appointment of the Official Committee of Tort Claimants [Doc. No. 453]. Following the
20 resignation of Richard Heffern from the original committee and the addition of Tommy Wehe, on
21 February 21, 2019, the U.S. Trustee filed the Amended Appointment of the Official Committee of
22 Tort Claimants [Doc. No. 530]. The members of the TCC are: (i) GER Hospitality, LLC, in its
23 capacity as an individual claimant; (ii) Kirk Trostle; (iii) Tommy Wehe; (iv) Angelo Loo; (v)
24 Karen K. Gowins; (vi) Agajanian, Inc.; (vii) Susan Slocum; (viii) Samuel Maxwell; (ix) Karen M.
25 Lockhart; (x) Wagner Family Wines-Caymus Vineyards; and (xi) Gregory Wilson. The TCC
26 conducted a meeting on February 15, 2019, at which all members were present, and appointed
27 Karen M. Lockhart as Chairperson.
28

1 **B. The TCC Retention of Development Specialists, Inc.**

2 On April 15, 2019, the TCC filed the *Application of the Official Committee of Tort*
3 *Claimants Pursuant to 11 U.S.C. Section 1103 and Fed. R. Bankr. P. 2014 and 5002 to Retain*
4 *and Employ Development Specialists, Inc. as a Financial Advisor Effective as of March 20, 2019*
5 (Doc. 1461)(the “DSI Application”) and modified in the *Supplement to the Applications of the*
6 *Official Committee of Tort Claimants to Retain and Employ Lincoln Partners Advisors LLC and*
7 *Development Specialists, Inc. As Its Financial Advisors* (Doc 1837) DSI agreed to provide the
8 following categories of professional services to the TCC:

- 9
- 10 i. Advising the Committee and its counsel regarding the tort claims process, filing
 - 11 and processing of tort claims and estimation of tort claims,
 - 12 ii. Monitor developments in the Debtors’ case and assist counsel,
 - 13 iii. Claims management,
 - 14 iv. Advise the Committee with respect to formulation of a plan and disclosure
 - 15 statement, as well as plan feasibility matters that involve the foregoing,
 - 16 v. Participate in meetings/calls with the Debtors, creditors, other committees, the US
 - 17 Trustee, and other parties in interest and professionals hired by the same, as requested and
 - 18 vi. Perform such other tasks as may be agreed to by DSI and directed by the
 - 19 Committee or order of any Court having jurisdiction over the Committee.
- 20

21 On May 10, 2019, the Court entered the *Order Approving the Application of the Official*
22 *Committee of Tort Claimants Pursuant to 11 U.S.C. Section 1103 and Fed. R. Bankr. P. 2014 and*
23 *5002 to Retain and Employ Development Specialists, Inc. as A Financial Advisor Effective as of*
24 *March 20, 2019* (Doc. 1977) (the “**Retention Order**”). A copy of the Retention Order is attached
25 hereto as **Exhibit A**.

26 The Retention Order authorizes the Debtors to compensate and reimburse Applicant
27 pursuant to the Bankruptcy Code, the Bankruptcy Rules, the Northern District Guidelines, and
28 any orders of the Bankruptcy Court. Subject to the Applicant’s application to the Court, the

1 Debtors are also authorized by the Retention Order to compensate Applicant at its normal hourly
2 rates for services performed and to reimburse it for actual and necessary expenses incurred in
3 accordance with the disbursement policies of Pacific Gas and Electric Company (the “Utility”).

4 Pursuant to the Narrative Guidelines, a cover letter enclosing this Interim Fee Application
5 is being sent to the Chair of the TCC concurrently. This letter invites the Chair to discuss with
6 the Applicant and/or the Office of the United States Trustee any objections, concerns or questions
7 the Chair may have regarding the requested compensation and reimbursement set forth in the
8 Application. A copy of the transmittal letter is attached hereto as **Exhibit B**.

9 This Interim Fee Application summarizes the services rendered by DSI on behalf of the
10 TCC during the Application Period. A breakdown of the hours and fees by professional is
11 attached hereto as **Exhibit C**. A breakdown of the hours and fees by task code is attached hereto
12 as **Exhibit D**. A detailed copy of the time records by professional and by task code is attached
13 hereto as **Exhibit E**. A detailed copy of the expenses records by professional and expense type is
14 attached hereto as **Exhibit F**.

15 16 **Professional Compensation and Reimbursement of Expenses Requested**

17 By this Interim Application, the Firm seeks interim allowance of compensation of fees in
18 the amount of \$1,090,499.00 and interim allowance of reimbursement of expenses in the amount
19 of \$33,407.89, for a total allowance of \$1,123,906.89. Applicant also seeks payment of
20 \$218,099.80 (20% of the allowed fees) for the Interim Fee Period

21 All Services for which Applicant requests compensation were performed for or on behalf
22 of the TCC. Applicant has received no payment and no promises of payment from any sources
23 other than the Debtors for services rendered or to be rendered in any capacity whatsoever in
24 connection with the matters covered by this Interim Application.

25 There is no agreement or understanding between Applicant and any other person other
26 than employees of Applicant for the sharing of compensation to be received for services rendered
27 in these cases. As of this date Applicant has been paid \$547,145.00 in fees for the Interim period
28

1 and has received \$25,818.66 in reimbursement for expenses. These amounts have been paid
2 pursuant to the Interim Compensation Order but not yet allowed.

3 Each year, Applicant attempts to gather accurate information about rates charged by
4 comparable accounting firms for comparable services to ensure its rates are competitive.
5 Applicant is informed and believes the rates charged by its staff and accountants are fair and
6 reasonable in light of the rates charged by comparable firms. By way of example, Mr.
7 Jeremiassen had an hourly rate of \$575 during the 2019 billing period that is among the highest
8 rates of any professional of DSI whose time is included in this application. Mr. Jeremiassen has
9 over 20 years of public accounting experience. Applicants are informed and believe professionals
10 at Mr. Jeremiassen's level at so-called "Big-Four" accounting firms, with whom Applicant
11 competes, have hourly rates substantially higher than the rates of Applicant.

12 During January of each year, DSI revises its billing rates for new cases accepted thereafter
13 and for pending cases in the coming year based on facts described above. All services included in
14 this fee application were billed at the applicable standard hourly rates.

15 The Summary Sheet filed herewith contains tables listing the employees of Applicant who
16 have performed services during the Interim Fee Period, including their job titles, hourly rates and
17 aggregate number of hours worked in this matter. Applicant maintains computerized time records
18 which have been filed in the docket with the Applicant's monthly fee statements and served to the
19 various notice parties.

20 21 **JURISDICTION**

22 This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. sections 157 and
23 1334. This is a core proceeding pursuant to 28 U.S.C. section 157(b). Venue is proper before
24 this Court pursuant to 28 U.S.C. sections 1408 and 1409.

PROJECT BILLING AND NARRATIVE STATEMENT
OF SERVICES RENDERED

During the Interim Period, Applicant expended 2,298.0 hours on behalf of the TCC at a blended rate of \$474.53 during the interim period. Without limiting the detail given in the summary table above, the areas of emphasis of work are as follows:

A. Category 11 – Case Administration

Hours: 2.1 Fees: \$1,305.00

This project code involves tasks related to the overall scope of DSI's engagement, including development of work plans, staffing matters, and coordinating specific tasks among the appropriate DSI professionals.

B. Category 12 – Fee Application/Client Billing

Hours: 31.3 Fees: \$12,727.00

This project code includes work on DSI's professional fees and expenses, including preparation of monthly Fee Statements, and review of the daily time entries by professional to ensure compliance with the Fee Examiner Protocol.

C. Category 13 – Retention/Engagement Matters

Hours: 69.5 Fees: \$32,013.50

This project code represents tasks required to begin the appointment as a financial advisor for the Tort Committee.

1 **D. Category 14 – Attend Court Hearings/Review Pleadings**

2 **Hours: 2.2 Fees: \$1,453.00**

3
4 This project code encompasses the actual time spent attending hearings and review, mark-
5 up and analysis of certain pleadings.

6 **E. Category 31 – Claims Analysis/Objections**

7 **Hours: 1,945.60 Fees: \$968,077.00**

8
9 This project code captures the analysis performed to estimate the value of the Tort
10 Committee claims. The lion's share of DSI's work related to this project code and involves
11 identification and collection of data from various sources, synthesis and analysis of the data as
12 well as dissemination of the analysis to Tort Committee professionals. Additionally, DSI
13 reviewed proofs of claim filed in the Debtors' case for initial categorization as being related to the
14 TCC.

15 The data collected, analyzed and synthesized related primarily to damages and losses
16 suffered by various claimants related to wildfires that took place in northern California during the
17 2017 and 2018 wildfire seasons as well as their effect on related components of the Debtors'
18 bankruptcy proceedings. This analysis included, but was not limited to, the collection, analysis
19 and synthesis of hundreds of thousands of rows of spreadsheet data, thousands of filed proofs of
20 claim and numerous documents and files produced by the Debtor.

21
22 **F. Category 52 – Creditors and Creditors Committee Contact**

23 **Hours: 24.6 Fees: \$15,806.00**

24
25 This project code captures the time incurred in preparation for and participation in
26 meetings with the Tort Committee. These meetings were primarily for site visits to areas
27 impacted by the fires and to provide update presentations of our analyses.
28

1 **G. Category 80 – Travel (at ½ Billing Rate)**

2 **Hours: 222.7 Fees: \$59,117.50**

3
4 This project code is used for travel to meetings with the Tort Committee, Tort Committee
5 counsel, the Debtors and their advisors, other stakeholders and hearings as appropriate. Entries to
6 this project code are billed at 50% of the normal billing rate.

7
8
9 **SUMMARY OF ACTUAL AND NECESSARY EXPENSES**

10 As set for on the summary table above, Applicant seeks allowance of reimbursement of
11 actual and necessary expenses incurred during the Compensation Period in the aggregate amount
12 of \$33,407.89. These expenses are reasonable and necessary in light of the size and complexity
13 of the Debtors' cases.

14 **LEGAL BASIS FOR INTERIM COMPENSATION**

15 The professional services for which Applicant requests interim allowance of
16 compensation and reimbursement of expenses were rendered and incurred in connection with on
17 behalf of the TCC as described above. Applicant's services have been necessary and beneficial to
18 the Debtors and their ratepayers.

19 In accordance with the factors enumerated in section 330 of the Bankruptcy Code,
20 Applicant respectfully submits that the amount requested is reasonable given the complexity of
21 these Chapter 11 cases, the time expended, the nature and extent of the services rendered, the
22 value of such services and the costs of comparable services other than in a case under the
23 Bankruptcy Code. Moreover, Applicant has reviewed the requirements of the Interim
24 Compensation Procedures Order, the Northern District Guidelines and the UST Guidelines and
25 believes that the Interim Application complies with all of them. Applicant notes that questions
26 have arisen as a result of the Fee Examiner about certain categories of fees, of particular note
27 being with regard to travel time. As of this application these questions have not been resolved.
28

1 Applicant has followed its normal method of billing travel time at 50% of its billing rate as it does
2 for non-bankruptcy services. Should an agreement be reached with the Fee Examiner with regard
3 to travel time that would require an adjustment of fees, Applicant will make the adjustment at the
4 subsequent interim fee application period.

5 6 **AVAILABLE FUNDS**

7 Applicant understand that the Debtors' estates has sufficient funds available to pay the
8 fees and costs sought herein.

9 10 **NOTICE**

11 Notice of the Interim Application has been provided to parties in interest in accordance
12 with the procedures set forth in the Interim Compensation Procedures Order. Applicant submits
13 that in view of the facts and circumstances of these Chapter 11 Cases, such notice is adequate and
14 no additional or further notice need be provided.

15 16 **RESERVATION**

17 To the extent that time for services rendered or disbursements incurred relate to the
18 Compensation Period, but were not processed prior to the preparation of this Interim Fee
19 Application, Applicant reserves the right to request additional compensation for such services and
20 reimbursement of such expenses in a subsequent interim fee application. Furthermore, Applicant
21 reserves the right to seek final approval of the fees and expenses requested herein.

22 23 **CONCLUSION**

24 Applicant respectfully requests that pursuant to the Interim Compensation Procedures
25 Order, Applicant is (i) allowed on an interim basis compensation of \$1,090,499.00 for services
26 rendered during the Compensation Period; (ii) allowed on an interim basis reimbursement of
27 expenses billed during the Compensation Period of \$33,407.89; (iii) authorized to be paid its
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1 outstanding allowed fees and expenses for the Compensation Period; and (iv) grant such other
2 relief as the Court may deem proper.

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6
7
8 Dated: November 13, 2019

Respectfully submitted,

9
10 
11 **Bradley D. Sharp**

Development Specialists, Inc.

12 Financial Advisors to the Official Committee of
13 Tort Claimants
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CERTIFICATION

I, Bradley D. Sharp, certify as follows:

The following facts are personally known to me, and if called to do so, I could and would competently testify thereto.

1. I am President and CEO of Development Specialists, Inc. (“DSI”). I submit this declaration in support of the *First Interim Fee Application of Development Specialists, Inc. For Allowance and Payment of Compensation and Reimbursement of Expenses (March 20, 2019 Through July 31, 2019)* (the “Application”).

2. I have personally reviewed the information contained in the Application and believe its contents to be true to the best of my knowledge, information and belief.

3. The compensation and expense reimbursement sought in this Application, to the best of my knowledge, information and belief, after reasonable inquiry, is in conformity with sections 330, 331, and 1103 of title 11, United States Code; Rule 2016 of the Federal Rules of Bankruptcy Procedure; the Local Rules for the United States Bankruptcy Court for the Northern District of California; the *Order Pursuant to 11 U.S.C §§ 331 and 105(a) and Fed. R. Bankr. P. 2016 for Authority to Establish Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*, entered on February 27, 2019; the *U.S. Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases*, effective November 1, 2013; and the *Guidelines for Compensation and Expense Reimbursement of Professional and Trustees*, promulgated pursuant to Local Rule 9029-1, governing the narrative portion of fee applications, effective February 19, 2014.

4. The compensation and expense reimbursement requested in this Application are billed at rates, in accordance with practices, no less favorable than those customarily employed by DSI and generally accepted by DSI’s clients.

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Date: November 13, 2019



Bradley D. Sharp

Development Specialists, Inc.

Financial Advisors to the Official Committee of
Tort Claimants